

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SSO-00 INRE-00 NSCE-00 USIE-00

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TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02 OMB-01 DRC-01

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TO SECSTATE WASHDC IMMEDIATE 9227

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E.O.11652: N/A

TAGS: EGEN, PFOR, EEC, UK

SUBJECT: CALLAGHAN SPEECH TO THE EC COUNCIL ON
RE-NEGOTIATION

SUMMARY IN HIS SPEECH TO THE EC COUNCIL ON
APRIL 1, EC FOREIGN SECRETARY CALLAGHAN SAID THAT
THE LABOUR GOVERNMENT "OPPOSES MEMBERSHIP OF THE
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COMMUNITY" ON CURRENT TERMS, BUT WILL NEGOTIATE IN

GOOD FAITH TO SEEK CHANGES IN COMMUNITY POLICIES. CALLAGHAN STRESSED THAT HIS GOVERNMENT PREFERS A SUCCESSFUL RENEGOTIATION TO A WITHDRAWAL FROM THE COMMUNITY. HE SAID THAT THE UK WILL SUBMIT DETAILED PROPOSALS ON THE CAP, THE EC BUDGET, TRADE AND AID POLICIES FOR THE COMMONWEALTH, AND THE EXTENT TO WHICH EC POLICIES RESTRICT THE UK'S FREEDOM TO MANAGE ITS DOMESTIC ECONOMY. THE UK'S INITIAL APPROACH WILL BE TO SEEK CHANGES IN EC POLICIES WITHOUT REVISING THE EC TREATIES, BUT TREATY REVISIONS MAY BE NECESSARY IF THE UK CANNOT MEET ITS "ESSENTIAL INTERESTS" WITHOUT THEM. WHILE THE PROCESS OF RENEGOTIATION IS GOING ON, CALLAGHAN SAID, THE UK WILL PARTICIPATE IN THE WORK OF THE COMMUNITY AND WILL ACT IN ACCORDANCE WITH COMMUNITY PROCEDURES. CALLAGHAN STRESSED THE IMPORTANCE OF GOOD RELATIONS BETWEEN THE COMMUNITY AND THE US. THE COMMUNITY WILL NOT ALWAYS BE ABLE TO AGREE WITH THE US, HE SAID, BUT IT "MUST ALWAYS TRY TO WORK WITH AMERICA WHENEVER IT CAN." END SUMMARY

1. AN FCO OFFICIAL HAS GIVEN US AN ADVANCE LOOK AT THE STATEMENT ON EC RENEGOTIATION WHICH FOREIGN SECRETARY CALLAGHAN IS MAKING TO THE EC COUNCIL IN LUXEMBOURG ON APRIL 1. THE STATEMENT WILL BE PUBLISHED HERE AS A WHITE PAPER AFTER IT HAS BEEN DELIVERED. THE FOLLOWING ARE EXCERPTS. (THIS TELEGRAM HAS BEEN COORDINATED WITH USEC, WHICH IS COVERING THE MEETING.)

2. CALLAGHAN BEGAN BY STATING THAT "IT WILL COME AS NO SURPRISE TO YOU THAT THE LABOUR GOVERNMENT OPPOSES MEMBERSHIP OF THE COMMUNITY ON THE TERMS THAT WERE NEGOTIATED AT THE TIME OF OUR ENTRY IN JANUARY 1973.... WE WISH TO PUT THESE ERRORS RIGHT, AND IF WE SUCCEED THERE WILL BE A FIRM BASIS FOR CONTINUING BRITISH MEMBERSHIP OF A STRENGTHENED COMMUNITY....WE SHALL NEGOTIATE IN GOOD FAITH AND IF WE ARE SUCCESSFUL IN ACHIEVING THE RIGHT TERMS WE SHALL PUT THEM TO OUR PEOPLE FOR APPROVAL. BUT IF WE FAIL, WE SHALL SUBMIT TO THE BRITISH PEOPLE THE REASON WHY WE FIND THE TERMS UNACCEPTABLE AND CONSULT THEM ON THE ADVISABILITY LIMITED OFFICIAL USE

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OF NEGOTIATING THE WITHDRAWAL OF THE UK FROM THE COMMUNITY."

3. CALLAGHAN STRESSED: "I DO NOT HOPE FOR A NEGOTIATION ABOUT WITHDRAWAL. I WOULD PREFER SUCCESSFUL RENEGOTIATIONS FROM WHICH THE RIGHT TERMS FOR CONTINUED MEMBERSHIP WILL EMERGE' TO SOME EXTENT THAT WILL DEPEND ON US -- BUT IT WILL ALSO DEPEND UPON THE

ATTITUDE OF THE OTHER PARTNERS IN THE NEGOTIATIONS."

4. CALLAGHAN THEN QUOTED AT LENGTH FROM THE SECTION OF THE LABOUR PARTY MANIFESTO THAT DEALT WITH THE COMMUNITY. THE UK, HE SAID, NOW PROPOSES THAT "WE SHOULD CONSIDER TOGETHER" HOW THE OBJECTIVES IN THE MANIFESTO CAN BE MET. THE BRITISH GOVERNMENT, HE SAID, IS ENGAGED IN "A ROOT AND BRANCH REVIEW" OF THE EFFECTS OF COMMUNITY POLICIES. IN PARTICULAR, IT IS EXAMINING: A) THE WORKING OF THE CAP; B) ESTIMATES FOR FUTURE UK CONTRIBUTIONS TO THE COMMUNITY BUDGET; C) THE COMMUNITY'S TRADE AND AID POLICIES TOWARD THE COMMONWEALTH AND DEVELOPING COUNTRIES; AND D) "HOW FAR IN PRACTICE THE EXISTING RULES, AS THEY ARE INTERPRETED, INTERFERE WITH THE POWERS OVER THE

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BRITISH ECONOMY WHICH WE NEED TO PURSUE EFFECTIVE REGIONAL, INDUSTRIAL AND FISCAL POLICIES." WHEN THIS REVIEW IS COMPLETED, THE UK WILL SUBMIT DETAILED PROPOSALS FOR "THE CHANGES WHICH WILL, IN OUR VIEW, BE NECESSARY IF BRITAIN IS TO REMAIN A MEMBER OF THE COMMUNITY." IN THE MEANTIME, HE SAID, THE UK DOES NOT

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WISH "TO DISRUPT THE WORK OF THE COMMUNITY MORE THAN IS NECESSARY DURING THE PERIOD OF RENEGOTIATION."

5. "OUR INITIAL APPROACH," HE SAID, "WILL BE TO SEEK CHANGES IN THE COMMUNITY'S POLICIES AND DECISIONS WHICH MEET OUR NEEDS. WE MUST SEE HOW WE GO AND WHERE WE GET. BUT WE SHALL HAVE TO RESERVE THE RIGHT TO PROPOSE CHANGES IN THE TREATIES IF IT SHOULD TURN OUT THAT ESSENTIAL INTERESTS CANNOT BE MET WITHOUT THEM."

6. CALLAGHAN EXPRESSED CONCERN ABOUT THE DEGREE OF DISAGREEMENT BETWEEN THE COMMUNITY AND THE US. "SURELY THIS IS NOT INEVITABLE. IF THE BRITISH PEOPLE THOUGHT IT WAS, IT WOULD ADVERSELY INFLUENCE THEIR ATTITUDE TOWARD THE DEVELOPMENT OF THE COMMUNITY.... WE SHALL NOT ALWAYS BE ABLE TO AGREE WITH THE US, BUT THE COMMUNITY IN DEVISING ITS PROCEDURES AND COMMON POSITIONS MUST ALWAYS TRY TO WORK WITH AMERICA WHENEVER IT CAN. CONVERSELY, AMERICA MUST TRY AND WORK WITH US. CALLAGHAN SAID THAT THE UK IS READY TO INTENSIFY EC POLITICAL CONSULTATION AND COOPERATION, "BUT BEFORE WE CAN DO SO WE NEED TO AGREE ON OUR BROAD AIMS."

7. THE UK WILL WORK, CALLAGHAN CONCLUDED, FOR "AN EARLY AND SUCCESSFUL RESULT TO WHAT WE IN BRITAIN HAVE COME TO CALL RENEGOTIATION. MEANWHILE, WE SHALL PARTICIPATE IN THE WORK OF THE COMMUNITY AND ACT IN ACCORDANCE WITH COMMUNITY PROCEDURES, SUBJECT ONLY TO NOT PROCEEDING WITH FURTHER PROCESSES OF INTEGRATION IF THESE SEEM LIKELY TO PREJUDICE THE OUTCOME OF

THE NEGOTIATION." IF A FAIR BALANCE OF ADVANTAGE CAN
BE ACHIEVED FOR EACH MEMBER STATE, HE SAID, RENEGOTIA-
TION WILL NOT DAMAGE THE COMMUNITY BUT WILL STRENGTHEN
IT.
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